

**IMAR****Indonesian Management and  
Accounting Research**<http://www.trijurnal.lemlit.trisakti.ac.id/index.php/imar>**The Impact of Environmental Performance and  
Profitability on Firm Value****Cicely Delfina Harahap\***

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**ABSTRACT**

This research purposes of testing and analyze the effect of Environmental Performance and Profitability on Firm Value. This study focuses on manufacturing companies in Bursa Efek Indonesia (BEI) in 2014-2016, which follows PROPER. This study used 22 companies with 66 observations. Environmental Performance (Independent Variables) proxies with PROPER, and Profitability is measured by ROA. The dependent variable used in this research is Company Value. This study uses a simple linear regression analysis. The result of the research, it is known that Environmental Performance has a positive effect on company value. While profitability does not affect company value. The results of this study are expected to be a consideration of investors in making investment decisions and assess the performance of a company.

Keywords: Environmental Performance, Profitability, and Firm Value

JEL Classification: G32, L25, M41, Q56

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## INTRODUCTION

In general, the main goal in a company is to get the highest possible profits, with the hope that the higher the profit generated can provide maximum assistance to the community. Maximizing profits to look for profits is often misinterpreted or violated by companies, such as low environmental performance that affects the surrounding community. From a community point of view, the environmental aspects are important because they relate to living places and surrounding natural resources so that environmental problems will be important to be considered by the company to gain public trust. If a company have a good image, then a company will be more confident to disclose information to the public.

Nowadays, people are beginning to feel that there is a negative impact that begins to appear from the company's efforts to maximize profits like air pollution. Damage to polluted water and soil ecosystems causes people to feel the negative impact. The emergence of this awareness finally requires companies not only to be profit-oriented but also to pay attention and control the impact caused by the company's operational activities. Companies that carry out operational activities will have an impact on the surrounding environment. The resulting impact makes the company have an idea of environmental management. Around so as not to cause a negative impact on the environment and the surrounding community can love the company.

Environmental performance is one of the CSR activities carried out by companies in environmental management so that the company becomes a clean or green environment. Current environmental performance is of concern to many parties, both from the ordinary people, stakeholders, and the government, along with the increasing cases of corporate negligence in paying attention to aspects of environmental management, where many companies are only oriented to maximizing their profits. In principle, a company not only has obligations to shareholders but also has obligations to other interested parties or stakeholders whose scope exceeds the above obligations (Hadi, 2011).

Here are still many companies that contribute to the problem of environmental pollution in Indonesia. Therefore, special arrangements Tare needed regarding these environmental management issues. Also, of course, it is appropriate for the company to be willing to present a report

that can reveal how they contribute to various social problems that occur around it.

The government through the Ministry of Environment established a Program for Rating the Performance of the Company in Environmental Management (PROPER) which was implemented in 2002 in the field of environmental impact control to enhance the role of companies in environmental conservation programs. The company's environmental performance is measured using colors ranging from the best gold, green, blue, red to the worst black. Through this, the community will find it easier to find out the level of management of the company (Ministry of Environment).

PROPER is one of the means of policy developed by the Ministry of Environment (Kementerian Lingkungan Hidup/KLH) to encourage the structuring of business actors and activities against various laws and regulations in the environmental field, through information by actively involving the community. PROPER policy is very much related to the provision of environmental information by business people to the community so that people can actively respond to information about PROPER. The company is expected to be a company that conducts green business, namely business activities that have no negative impact on the global environment, community, local, community, as a sustainable profit, sustainable community and environmentally sustainable or better known as the Triple Bottom Line: Profit, People, Planet (Reliantoro, 2012). Companies that do green business are expected to be able to adhere to what applies in PROPER so that they become companies that care about the surrounding environment (Reliantoro, 2012).

To get a gold rating, a company must be responsible and shows its maturity in the production process and services conducts ethical business with the community. Green rating if the company has implemented an environmental management system, efficiently utilizes resources through 3R efforts (reuse, recycle, and recovery) and perform social responsibility properly. Blue rating if the company has carried out activities that have made environmental management efforts that are required by applicable laws and regulations. Red rating if the company has made environmental management efforts carried out but not following the conditions set out in law and the stages of administrative sanctions. Black rating if the company has committed an act of negligence, which causes pollution and environmental damage as well as violations of applicable law regulations

and does not implement administrative sanctions (Reliantoro, 2012). Then controls are still applied for environmental management problems. The company must prepare a report that can be proven its contribution to every environmental problem that arises around the company. The rating obtained by the company for environmental performance is thought to be one of the factors that influence the value of the company.

A good company must be able to control factors or aspects of increasing the value of the company for the progress of a company in the long run. The company is very important to maximize the value of the company because maximizing the value of the company means that it must maximize the prosperity of shareholders, which is the company's main goal. One of the factors that must be controlled by the company is the environment around the company due to operational impacts. By doing an environmental performance, the company gets a good image from the community so that the community sees the company as a company that is good or has value.

Company value is an indicator that is worthy of attention by companies and investors in a variety of ways companies need to do to maintain and increase company value. Company value is a picture of work achievement and growth prospects that are measured by investor reaction to the company's stock price. Company value which indicates the company has a good performance so that it attracts investors to invest funds in companies, while investors need to pay attention to the company's value who are invested on target, according to the purpose of the investment portfolio that has been designed. (Gautama and Haryati, 2014). The value of the company going public in addition to showing the value of all assets is also reflected in the market value or price of its shares so that the higher the stock price reflects the high value of the company (Afzal and Rohmah, 2012).

The profitability produced by a company can also influence company value. Weston and Copeland (1992) define profitability to the extent that companies generate profits from sales and investment companies. If the profitability of the company is good, then the stakeholders consisting of creditors, suppliers, and investors will also see the extent to which the company can generate from the company's sales and investments. The higher the level of profitability, will make the market price of a company's stock increase, so the value of the company also increases. Every company certainly wants the value of the company to

continue to increase because it implies that shareholder prosperity is also high. Besides being seen from the increasing prosperity of shareholders, the company can also be measured by how well the company can make a profit. In addition to being an indicator of the company's ability to fulfill obligations for investors, the company's profit is also an important component in the creation of corporate value that shows the company's opportunities in the future.

The purpose of this study is to test and prove the positive influence of variables on environmental performance, and profitability, on firm value. The importance of this research is to verify the theories that have developed related to the influence of environmental performance, and on the value of the company. The results of this study can be a consideration for prospective investors to invest their shares in the company, which is measured by the environmental performance and profits generated by the company.

## **LITERATURE REVIEW**

The acceptance of a leadership decision on the exercise of power as it applies to the general public and following appropriate political or moral values. Legitimacy, in general, will be related to legal issues and the application of laws made based on decisions in the judiciary. This condition will be used as a measure of how these decisions can be accepted and recognized in the wider community.

The legitimacy theory focuses on the interaction between the company and society. This theory states that organizations continually try to ensure that they carry out activities by the boundaries and norms of the society in which they are located (Rawi Munawar, and Muchlish, 2010). Legitimacy theory is very useful in analyzing organizational behavior because legitimacy is important for the organization, boundaries emphasized by social norms and values, and reactions to these constraints encourage the importance of analyzing organizational behavior concerning the environment (Ghozali and Chariri, 2007). the attention of the community was due to the activities that the company had done.

Legitimacy theory explains the existence of a relationship or interaction that occurs between a company and society. Usually, the sustainability of a company can be seen from what the community values towards the company. The community wants the company to follow the rules in the social and environmental conditions that have been

implemented. In other words, the underlying legitimacy theory is the "social contract" that occurs between the company and the community (Ghozali and Chariri, 2007).

Environmental performance is related to the company's concern with environmental aspects. According to Suratno, Darsono, and Mutmainah (2012), environmental performance is the performance of the company in creating a good environment. Indirectly, companies are encouraged to improve their company's environmental performance. In Indonesia, environmental disclosures are voluntary disclosures, but it is time for companies to be concerned about environmental aspects, given the impacts that have been generated by the company's activities on the environment.

Environmental Performance is a business management effort to create a harmonious, balanced environment that will build a good image in the eyes of stakeholders (Ikhsan, 2009). The statement is consistent with the statement of Pflieger, et al. (2005), namely companies able to attract the attention of shareholders and stakeholders through environmental conservation efforts. In contrast to the results of the study by Scott (2010), which stated that information on negative environmental events is not a long-term financial threat for companies to sell shares at lower prices.

According to Retno (2012), environmental performance (environmental performance) is how the company's performance plays a role in preserving the environment. Environmental performance (environmental performance) is made in the form of ranking by an institution related to the environment. This environmental performance is issued to see the level of company compliance based on applicable regulations (Anindito and Ardiyanto, 2012).

The evaluation of company performance in PROPER is based on the company's performance in meeting the requirements stipulated in the applicable laws and regulations. PROPER rating ratings are grouped into color rankings, which will then be publicly publicized to other public and stakeholders so that they can be compared with each company to be corrected.

**Table 1. PROPER Ranking Criteria**

<b>Color rating</b>	<b>Definition</b>
Gold	The company has carried out environmental management more than what is required by regulations through the implementation of an environmental management system, consistently demonstrating

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	environmental excellence in the production or service process, carrying out ethical and responsible businesses. Has done more than required environmental management and made efforts and made efforts 3R (Reuse, Recycle, Recovery).
Green	Having an environmental management system, utilizing resources efficiently through 3R efforts (reuse, recycle, and recovery) and carry out social responsibility properly.
Blue	The company has made the required environmental management efforts as stipulated in the laws and regulations.
Red	Make efforts to manage the environment, but only partially achieve results that are following the requirements as regulated in law.
Black	The company intentionally commits an act or negligence which results in pollution or environmental damage or violation of the law or does not carry out administrative sanctions

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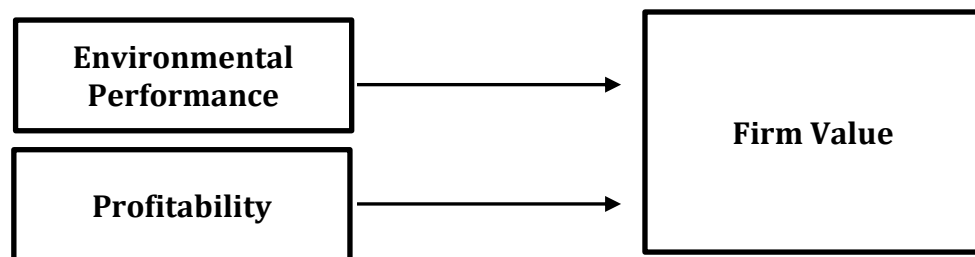
Source: Ministry of Environment, 2016

Profitability is a fundamental aspect of the company, because in addition to providing a great attraction for investors who will invest their funds in the company as well as a measure of the effectiveness and efficiency of using all the resources that are in the operational process of the company. Company profitability is one way to appropriately assess the extent of returns that will be obtained from investment activities. If the condition of the company is categorized as profitable or promises future profits, many investors will invest their funds in buying the company's shares. This profitability, of course, will push stock prices to rise to higher. Company profitability is the company's ability to generate net income from activities carried out in the accounting period. Investors invest in companies to get returns, which consist of yields and capital gains. The higher the ability to earn profits, the greater the return expected by investors, so that the value of the company will be better.

Firm value is a certain condition that has been achieved by a company as an illustration of public trust in the company after going through an activation process for several years, that is since the company was established until now. The increasing value of the company is a presentation, which is by the wishes of its owners because with the increase in the value of the company, the welfare of the owners will also increase. According to Weston and Copeland (2010), company valuation consists of: ratio describes the market appreciation of the company's

ability to generate profits, Price to Book Value (PVB) which is This ratio illustrates how much the market appreciates the book value of a company's stock. The higher PBV means trusting the prospects of the company and Tobin's Q ratio (developed by Tobin, 1967), this ratio is a valuable concept because it shows the current financial market estimation of the value of returns on every dollar of incremental investment. The Tobin's Q ratio is considered as the ratio that provides the best information because it explains the phenomena in company activities such as the difference in returns on investment and diversification decisions, the relationship between management share ownership and company value, dividends, compensation and funding policies.

**Figure 1. Conceptual Framework**



### **Hypothesis Development**

The company's financial performance reflects the good and bad of the company in managing its resources, for a certain period that can be seen in the company's financial statements. Environmental performance is seen from PROPER, which has a significant positive effect on firm value. The increase in environmental performance will increase social disclosure by companies. Therefore, companies with good environmental performance need to disclose information on the quantity and quality of the environment better than companies with worse environmental performance. Environmental Performance has a positive effect on company value. So, the more companies play a role in environmental activities; the more companies will have to disclose the environmental performance they do in their annual reports. The disclosure will reflect the transparency of the company that the company is also interested in and responsible for what it has done so that the community will also know how much the company's contribution to the environment. The following hypotheses are arranged:



H1: Environmental performances have positive significant on firm value.

Profitability shows the level of net income that the company can achieve when carrying out its operations. The profit that is worth sharing with shareholders is profit after tax so that high profitability can provide added value to the value of the company as reflected in the company's stock price. Investors will be motivated to invest capital in the company if the profits obtained by the company this year can be seen by using profitability ratios. This hypothesis is supported by research conducted by Lifessy (2011). The research shows that profitability partially has a positive and significant influence on firm value. Investors will be motivated to invest capital in the company if the profits obtained by the company this year can be seen by using profitability ratios. Based on the explanation, the following hypotheses are arranged:

H2: Profitability has positive significant on firm value.

## **METHODS**

This research was conducted to examine the influence of environmental performance and profitability on firm value. This study uses numbers as indicators of research to answer research problems, so this study uses quantitative methods. More specific research aims to determine the analysis of the influence of environmental performance and profitability on firm value. The data used in this research is secondary data. Secondary data used for this study through financial statements, annual reports, and PROPER manufacturing companies listed on the Indonesia Stock Exchange in the 2014-2016 period. There are six important elements in the research design namely study, type of investigation, level of researcher intervention, study context, unit of analysis, and time horizon (Sekaran, 2010:102).

The purpose of the study used in this study is to explain the nature of a particular relationship or determine the difference between groups or freedom for two or more factors in a situation (Sekaran, 2010:102). This study also aims to analyze how much influence environmental performance has on firm value. This study uses a type of descriptive study because researchers want to prove that environmental performance can affect company value in the eyes of investors. The level of intervention in this study was moderate intervention with the situation the researcher did not only collect data from two different time intervals. The unit of analysis

is a manufacturing company listed on the Indonesia Stock Exchange. The horizon of this research is longitudinal, ie, data collected on two or more different time limits, and requires a certain period. The study can be carried out if the dependent variable data is collected at two or more-time limits to answer the research question (Sekaran, 2010:178). Data collection uses purposive sampling with certain criteria. Purposive sampling is the determination of samples by the characteristics and criteria (Sekaran, 2011:164). The sample selection criteria in this study are as follows. (1) The company is listed on the Indonesia Stock Exchange in 2014-2016 in the manufacturing industry group which publishes annual reports in a row. (2) The annual reporting period that ends on 31 December and uses the rupiah as the reporting currency. (3) There are PROPER assessments in successive annual reports during 2014-2016. (4) Having financial data related to the researcher variable in full.

The dependent variable is a variable that is influenced by independent variables. The dependent variable used in this study is firm value, proxied by using Tobin's Q.

$$\text{Tobin's Q} = \frac{[(\text{CP} \times \text{Total Share}) + \text{TL}]}{\text{TA}}$$

Information:

Tobin's Q = Firm Value

CP = Closing Price

TL = Total Liabilities

TA = Total Assets

Environmental performance is the company's performance in paying attention to and creating a good environment due to the company's operational activities. The Ministry of Environment has made an assessment program to measure the company's environmental performance, namely the PROPER program which aims to encourage the structuring of companies in environmental management through information instruments. The performance measurement of the PROPER program is carried out by giving performance rating achievements grouped with five (5) color levels from the lowest to the highest, namely black, red, blue, green, and gold. The following PROPER ranking criteria:

**Table 2. PROPER Ranking Criteria**

<b>Color rating</b>	<b>Definition</b>	<b>Score and Description</b>
Gold	For businesses and or activities that have consistently demonstrated environmental excellence in the production and or service process, carry out ethical and responsible businesses.	5; Very very good
Green	For businesses and or activities that have carried out environmental management more than required by regulations (beyond compliance) through the implementation of an environmental management system, efficient use of resources through the efforts of 4R (Reduce, Reuse, Recycle and Recovery), and make social responsibility efforts (CSR / Comdev) well.	4; Very good
Blue	For businesses and or activities that have made environmental management efforts that are required by the provisions and/or applicable laws and regulations	3; Good
Red	Environmental management efforts carried out have not been following the requirements as stipulated in the regulations on regulations and in the stages of carrying out administrative sanctions	2; Bad
Black	For businesses and or activities that intentionally commit acts or commit negligence resulting in pollution and/or environmental damage and violations of applicable laws and regulations or not carrying out administrative sanctions.	1; Very Bad

Source: Ministry of Environment, 2010

Profitability is the ability of a company to earn profits through several company management policies and decisions. This study will calculate profitability by using the Return on Assets (ROA) ratio, where net income divided by total assets, then multiple by 100%.

## RESULTS

Based on the criteria of the sample used, the following data are obtained:

**Table 3. Criteria of sample**

Companies listed on the IDX for the 2014-2016 period	165
Companies that use eye units other than rupiah in financial statements during 2014-2016	(44)
Companies that did not take part in the PROPER program during the 2014-2016 period	(68)
Companies whose financial statements do not provide data that support research during the 2014-2016 period	(31)
<b>Total Company studied</b>	<b>22</b>
<b>Number of observations (4 years of observation)</b>	<b>88</b>
Descriptive Statistics	

Descriptive statistic analysis researchers will describe the results of the calculation of the minimum value, maximum value, the average value (mean), and standard deviation (standard deviation) of each variable. Descriptive statistical analysis tables are presented as follows:

**Table 4. Descriptive Statistics**

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Proper	88	2	5	3,50	,727
Profitability	88	-,5619	,4018	,045976	,1162446
Firm Value	88	,0233	4,1480	,731423	,5944246

Based on the table above, it can be seen that the objects studied (N) in 2014 - 2016 were 22 companies so that the total sample was 88 samples.

**Proper.** In the Proper variable, the results show a minimum nominal value of 2 and a maximum nominal value of 5. Proper mean values generated from 88 samples of 3.50. The standard deviation value of 0.727 smaller than one means that the distribution of Proper data is good and homogeneous.

**Profitability.** On the profitability variable, the statistical results show the minimum value of ROA of -0.5619 and the maximum value of ROA of 0.4018 then the average value (mean) of profitability generated from 88 samples is 0.45976 and the standard deviation value is 0.1162446 smaller than 1 means that the spread of profitability data is good and homogeneous.

**Firm Value.** In the corporate value variable, the statistical results show that the minimum Tobin's Q value of 0.233, and the maximum value of Tobin's Q is 4.1480. The average value of the company produced from 88 samples is 0.731423. The standard deviation value is 0.5944246 smaller than one means that the distribution of data on corporate value is good and homogeneous.

The multicollinearity test aims to test whether the regression model found an indication of a correlation between independent variables. The Multicollinearity Test results are presented in the following table:

**Table 5. Multicollinearity Test (Variance Inflation Factor)**

Variable	VIF	Tolerance
Proper	0,989	1,011
Profitability	0,989	1,011

Source: Processed secondary data, 2016

The results of the VIF Test in Table 5 show that the two independent variables did not occur due to the VIF value of each independent variable  $< 10$  and the tolerance value of each independent variable  $> 0.1$ .

The autocorrelation test was used to test linear regression models about the effect of data from previous observations. The Autocorrelation Test results are presented in the following table:

**Table 6. Autocorrelation Test (Durbin-Watson)**

	Durbin-Watson
<b>Predictor:</b> Lag_Proper Lag_Profitability,	1,725
<b>Dependent:</b> Lag_Firm Value	

Source: Processed secondary data, 2016

The Durbin-Watson test results in table 6 show a DW value of 1.725; while in the Durbin-Watson (DW) table for "k" = 4 and N = 88 large Durbin-Watson table: dl (outer limit) = 1.6071 and du (inner limit) = 1.6999;  $4 - du = 2,3001$  and  $4 - dl = 2,3929$ . Because the Durbin-Watson (DW) value of 1.725 is greater than the limit (du) 1.6071 and Durbin-Watson (DW) is less than 2,3929, it can be concluded that Durbin-Watson (DW) -test cannot reject  $H_0$  which states that there is no positive or negative autocorrelation or it can be concluded that there is no autocorrelation.

The heteroscedasticity test aims to test whether the regression model occurs the similarity of residual variance one observation to another observation. The Heteroscedasticity Test results are presented in the following table:

**Table 7. Heteroscedasticity Test (Glestjer)**

Variable	Sig. 2 Tailed
Proper	0,072
Profitability	0,029

Source: Processed secondary data, 2016

The Heteroscedasticity Test results in table 7 show the fourth significance value of the independent variables more than 0.05. Thus, it can be concluded that there is no problem of heteroscedasticity in the regression model. The normality test aims to find out whether in a residual regression model, the independent variables and dependent variables have a normal distribution or not.

**Table 8. Normality test (*kolmogorov-smirnov*)**

Item	N	Exacts. Sig (2 Tailed)
Unstandardized Residual	88	0,208

Source: Processed secondary data, 2016

The Kolmogorov-Smirnov non-parametric statistical test, the significance value must be above 0.05 or 5%. The sample results in Table 8 show that the Kolmogorov-Smirnov value is  $0.208 > 0.05$  so that the residuals are declared to be normally distributed.

**Table 9. Determination Coefficient Test Results**

Predictor	Adjusted R-Square
Proper, Profitability	0,076

Source: Processed secondary data, 2016

Based on table 9, it is known that the coefficient of determination seen from the value of Adj.R<sup>2</sup> is equal to 0.076. That is, 7.6% of the variation of the dependent variable Company Value can be explained by the independent variable (proper and profitability) while the remaining 92.4% (100% - 7.6%) is explained by other variables that are not included in the equation.

**Table 10. Result F-test**

	Model	Sig.*	Hipotesis
<b>Dependent:</b> Firm Value <b>Predictor:</b> Proper, Profitability <i>*support statistically on alpha 5%</i>	Regression	0,000	<b>Accepted</b>

Source: Processed secondary data, 2016

Based on table 10, the significance value obtained by the Proper, and Profitability variables is  $0,000 < 0,05$ , then  $H_0$  is rejected, and  $H_a$  is accepted. Thus, it can be concluded that Proper and Profitability together influence firm value.

**Tabel 11. Significant Individual Parameter Test Results (t-Test)**

	Unstandardized Coefficients Beta	Sig. (One Tail)	Hipotesis
(Constant)	-0,536		
Proper	0.355	0,000	<b>Accepted</b>
Profitability-ROA	0,527	0,146	Rejected

Sumber: Data sekunder diolah, 2016

Based on table 11, the Proper and Profitability of multiple regression models can be formed, which together can affect the company value as follows:

$$\text{Tobin's Q} = -0,536 + 0.355\text{Proper} + 0,527\text{ROA}$$

The results of the regression equation are: The coefficient value of a (constant) is -0,536, which means that if the Proper value, Profitability, is not present or is worth 0, then the value of the company will have a value of -0,536. The proper variable regression coefficient is 0.355, which means that if Proper experiences an increase in the value of 1 unit, then the value of the company will increase by 0.355. Also, the regression coefficient of the Profitability variable is equal to 0.527, which means that if Profitability experiences an increase in the value of 1 unit, then the value of the company will increase by 0.527.

## DISCUSSION

The results of table 11 show that the Environmental Performance variable affects Tobin's Q with a significance level of  $0.000 < 0.05$ . Therefore, it can be concluded that  $H_0$  is accepted, meaning that Environmental Performance has a positive effect on firm value.

The results of statistical hypothesis testing that environmental performance affects the value of the company. Environmental performance has a positive influence on company value. Thus, the first hypothesis in this study was accepted.

The results of this study support the legitimacy theory, namely if the company can fulfill social contracts in carrying out its operations by the value system owned by the community, then the existence of the organization will be responded positively by the community so that its image increases. The existence of a positive image will make people as potential investors interested in investing in companies. High investment demand will increase stock prices and firm value.

The results of table 11 show that the Profitability variable does not affect Tobin's Q with a significance level of  $0.146 > 0.05$ . Therefore, it can be concluded that  $H_0$  is rejected, meaning Profitability does not affect the value of the firm.

The results of this study indicate that there is no influence between profitability and firm value. This research is in line with the research conducted by Susanti (2010), which says that Profitability variables do not

have a significant effect on firm value. If profitability increases, the company's value decreases. This increase in the profitability of the company will make profits per share of company shares increase, but with increased profitability, it is not certain that the company's stock price increases so that the profit increases, but the stock price does not increase, it will decrease the company's value

## **CONCLUSION**

This research is about the influence of environmental performance on firm value (Empirical Study on Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2014-2016 Period). Based on the results of the analysis of data collected and processed, it can be concluded that shown Environmental Performance and profitability have a significant positive effect on firm value.

The source of data collected and used in this study is secondary data obtained through the official website of the Indonesia Stock Exchange (IDX), [www.idx.co.id](http://www.idx.co.id) so that the data obtained is not fully complete which forces researchers to issue several samples that do not have the data needed. A lack of companies sampled in this study is because there are still many companies that have not participated in the PROPER program, which causes inadequate samples to present the population properly.

The implications that can be given are the company is expected to improve its environmental performance so that the company's image in the eyes of the public is good, besides that the company must also build interest in shareholders with a long-term vision. With the existence of a good environmental performance, the investor will give a positive response in the form of interest in the purchase of company shares, and this will make the demand for company shares rise, and stock price fluctuations increase and increase the value of the company. Also, further researcher, it can develop theories and can add variables used in subsequent research. Due to the limited time that the author has, the sample used is only from companies whose shares are listed on the Indonesia Stock Exchange during the 2014-2016 stock trading period. Therefore, it is expected that in the next study, the samples used will be larger than those previously used.



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